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## THE MARGIN OF CULTIVATION.

The expression "margin of cultivation" has become, through long usage, a classical expression for one of the most fundamental ideas of economics. It may seem out of place to take exception to the use of so well-known a term; yet it conveys the needed idea in a very concrete way, which fitted nicely into the economic system of the older economists, but is not in harmony with the ideas which many of the economists of to-day are striving to develop. It is easy to think of society pushing out continually upon newer lands, or trying to make its poorer lands tillable. The picture of civilization gradually working up a mountain-side is to most persons very alluring; yet the conclusions drawn from this concrete case have enough of the false in them — or, at least, enough of the apparently false — to obscure the real truth to which all agree. And this obscurity is likely to continue as long as a term is used which necessarily brings up a concrete picture.

The term is also defective, since it calls to mind a dynamic state of society. In a static state, where the equilibrium is perfect, there would be no concrete margin of cultivation, as we now picture it. Most economists agree that, even in a static condition, there would be no-rent increments of capital applied to land. These increments would, however, be found upon the first land cultivated, as well as the last. If used in this broad sense, there is also a margin of cultivation in the manufacture of commodities, as well as in the cultivation of land. All portions of the capital used in a factory do not give the same return for their use. Especially in the utilization of waste products, there is much labor employed which gives merely the minimum return. A part of the capital used in factories is as much at the margin of cultivation as is the last increment of capital used upon land. The term, therefore, is defective in many ways; and all economists ought to be willing to allow it to be so modified that the concrete portion may be cast away, without losing the central thought. Professor Clark, in his thoughtful essay before the late meeting of

the American Economic Association, suggested that the term "margin of utilization" be used. Society certainly utilizes its most productive instruments first, and then proceeds to make use of the less productive ones. The change in the term is an excellent one, so far as it goes; yet there is as much objection to the use of the term "margin" as to "cultivation." The dynamic thought is still retained, from which confusion is likely to arise. Why could not the term "limit to utilization" be used? Or perhaps "final limit to production" would be plainer. It might be well to follow the analogy of the term "final utility of commodities," and say "final utilization of productive instruments." I have no desire to urge any term; but, since Professor Clark has made so admirable a start in the right direction, it would seem an excellent opportunity to introduce a new term to which every one could heartily assent.

As an illustration of the use of a broader term, I will refer to the suggestive article in a recent number of this *Journal* by Mr. Sidney Webb. He wishes to locate the position of the man who uses the minimum of capital and ability, and after the traditional custom seeks to find him at the margin of cultivation.\* Certainly, the men at the margin have much more than the average ability, and they also make use of a large amount of capital. For these reasons, the use of the term "margin of cultivation" by Mr. Webb obscures a thought of vital importance to a correct correlation of the laws of distribution. The man with minimum ability and capital is much more likely to be found in the cities than upon new land; and such men are in much larger numbers in an old country than in a new one. They sweep our streets and carry off our refuse matter. They are employed in all the factories to utilize waste products, and as assistants to higher classes of labor.

It is only by a wrong classification that it seems that the cheapest labor of our factories use much capital. If a firm use a million dollars worth of capital and employ a thousand men, it is wrong to say that each man uses a thousand dollars worth of capital. Such reasoning is as defective as to say that the utility of the last cup of water is the average of the total utility of the whole supply of water. The proper way to get

\* See *Quarterly Journal of Economics*, ii. 197.

the amount of capital used by the last man is to discover how much less capital would be used if he were not employed. Measured in this way, the amount of capital used by the least efficient man in a large factory would be zero, or very near that limit. It is likely that several men out of the thousand could be discharged before any of the capital of the firm would cease to be used.

The position of the least efficient laborer shows where the final limit to production is; and it is only as land gets its share of such labor that it can be truly said to be at the margin of cultivation. The lack of mutual relation between the laws of distribution, which Mr. Webb so clearly presents, is partly due to the historical circumstances connected with their gradual development, and partly to the concrete manner in which they have been viewed by economists. It will be necessary to outgrow the limitations arising from the historical development and the concrete expression of these laws, before they can be so stated that the mutual relation between them can be clearly seen.

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